

I. REMARKS/ARGUMENTS

Specification

Applicant has checked the Specification for minor errors as per Examiner Sherr's request. No errors requiring correction have been found or are apparent to the applicant.

35 USC § 103(a) Rejections

Claims 1-10 have been rejected under 35 U.S.C. § 103(a) as being unpatentable over Swartz et al., U.S. Patent No. 6,837,436 (Swartz). In particular, the examiner asserts that Swartz does not specifically disclose the steps of the claimed invention but that mere reordering or renaming of steps would be obvious to one of ordinary skill in the art for use when necessary to obtain greater economy or efficiency.

Applicant has carefully reviewed the reference cited by Examiner Sherr and respectfully disagrees with the examiner's position that the claimed invention is obvious. Under 35 U.S.C. § 103(a) a claim is obvious where it would have been obvious to an artisan of ordinary skill in the art at the time the invention was made. The claimed invention and the Swartz patent disclose several similar uses for their respective technologies but the claimed invention has key differences that make it non-obvious over the Swartz patent.

Regarding Claim 1 of the claimed invention, Swartz requires a customer to own or be issued a "portable hand-held terminal" (Col. 2, ll. 55-56) which the customer must then use to actively scan barcodes or other identifiers associated with items they wish to purchase. (Col. 3, ll. 9-42 and Col. 5, ll. 39-54). According to Swartz, the customer must also undertake the step of transmitting the collected information to the store's central

processing unit either wirelessly or by inserting the terminal into a cradle. (Col. 22, ll. 1-23). Thus, the customer's active participation is required for the system disclosed by Swartz to work properly.

In contrast, the claimed invention describes a method for tracking articles wherein the articles are associated with an RFID tag having a unique identifier stored in its memory. The RFID tag may be scanned to track the article and to update the store's inventory or other records throughout all stages of the article's progress through the store including at the point of purchase or upon its return. Unlike Swartz, the method of the claimed invention utilizes a completely passive system with respect to the customer or other possessor of an RFID tagged item. The claimed system functions without the need for the customer to take any action, undergo any decision making process or employ any data gathering device. The customer simply enters the store and collects the items they would like to purchase, as they currently do, and scanners placed within the store scan and track the items without active participation by the customer.

Claim 1 of the present invention is non-obvious in view of Swartz because the teaching of Swartz utilizing portable terminals that require customers to actively scan and collect data on items to be purchased would not motivate one of ordinary skill in the art to arrive at the passive method for tracking and disposition of articles of the claimed invention. Further, no amount of reordering or renaming of the steps in Swartz would provide motivation or teaching that would enable one skilled in the art to arrive at applicant's claimed invention because Swartz teaches a user-dependent system requiring active customer participation and the customer's use of equipment such as portable

terminals and scanners. Accordingly, applicant submits that Claim 1 is not obvious in view of Swartz and is presently in proper form for allowance.

With regard to Claims 2 and 3, these claims depend from Claim 1 and add limitations that further distinguish the claimed invention from the prior art. As such, applicant submits that Claims 2 and 3 are also in proper form for allowance.

With regard to Claim 4, applicant submits that Claim 4 is also non-obvious over Swartz because Swartz teaches an active system and the claimed invention utilizes a passive system. Swartz discloses providing messages or other data to customers and providing customers with customer accounts, but doing so requires active participation by the customer in associating a portable terminal with their customer account and then carrying and using the terminal to scan items for purchase. (Col. 18, ll. 15-28). Swartz requires the customer to take several steps to get to the desired result, whereas the claimed invention allows the store to obtain the desired result without inconveniencing the customer.

In contrast, the claimed invention provides a customer with a customer account and a corresponding customer account card having an embedded RFID tag. The customer's customer account card may then be passively scanned by a nearby RFID scanner and a customer-specific message may be displayed to the customer upon checkout. (Paragraph 0022, l. 2 – Paragraph 0023, l. 9). Unlike Swartz, the scanning of the customer account card and displaying of the customer-specific message in the claimed invention requires no conscious participation by the customer other than having the card on one's person and being able to perceive the message and approve the transaction at checkout. Thus, Swartz teaches away from the method of Claim 4 by

teaching an active, customer interactive system rather than a passive, non-interactive system. No amount of reordering or renaming of the steps of Swartz would render applicant's claimed invention obvious to one of ordinary skill in the art. Applicant thus submits that Claim 4 is not obvious in view of Swartz and is in proper form for allowance.

With regard to Claims 5 and 6, these claims depend from Claim 4 and add limitations that further distinguish the claimed invention from the prior art. As such, applicant submits that Claims 5 and 6 are also in proper form for allowance.

Applicant submits that Claim 7 of the claimed invention is also non-obvious in view of Swartz because Swartz does not provide for a passive system of writing status information to an RFID tag or any other tag, for that matter. Swartz requires the customer to possess a portable terminal and to use the terminal to individually scan each item they wish to purchase. (Col. 20, ll. 18-27). The customer must then, upon completing their shopping, place the portable terminal in a slot, or by some other means download their list of items into the store's computer in order to check out and pay for the items and for the store to obtain inventory data. (Col. 22, ll. 1-24).

Unlike Swartz, the claimed invention provides a method for updating a store's inventory records as items with associated RFID tags move into and out of the store's inventory and a method for changing the status of the item on the associated RFID tag attached to the purchased product. In the claimed invention, when items enter the inventory of a store their respective RFID tags may be scanned, their unique identifier added to the store's inventory and a status of "unsold" written to the RFID tag's memory. When the items are purchased the RFID tag may again be scanned, the inventory updated

and the status of the item may be changed from “unsold” to “sold” by writing or coding the RFID tag. (Paragraph 0025, l. 5 – Paragraph 0026, l. 4). All of these steps are completed without any active customer participation other than collecting the items for purchase, presenting them near a scanner for checkout and arranging for payment of the items. The items may even be scanned simultaneously or nearly simultaneously, eliminating the necessity of passing each item by a scanner individually as would be required by Swartz. (Paragraph 0028, ll. 1-5).

Swartz does not teach any method of writing data to individual identifying tags associated with purchased items to allow the tags to indicate the associated article’s inventory status. In addition, Swartz teaches away from a passive system of scanning and tracking customers, customer accounts and inventory. Thus, Swartz does not directly or indirectly teach the method of the claimed invention for utilizing RFID tag technology (or any other type of technology) to passively track and record the disposition of inventoried articles. No amount of reordering or renaming of the steps of Swartz would render applicant’s claimed invention obvious to one of ordinary skill in the art. Applicant, therefore, submits that Claim 7 is not obvious in view of Swartz and is in proper form for allowance.

Claims 8 and 9 depend from Claim 7 and add limitations that further distinguish the claimed invention from the prior art. As such, applicant submits that Claims 8 and 9 are also in proper form for allowance.

With regard to Claim 10, applicant submits that the claimed invention is also non-obvious in view of Swartz because Swartz fails to teach a security system utilizing item tracking by RFID tags or otherwise. Swartz provides only for the use of “statistical

security methodology to reduce product shrinkage.” (Col. 22, ll. 33-34). Such methodologies include tracking the amount of time a customer spends in a given location (Col. 22, ll. 38-47), weighing sacks of purchased items and comparing the measured weight to a given expected estimated weight for those products (Col. 24, ll. 8-29) and spot-checking by store clerks of the customer’s purchased items to determine if the purchased items match a list of the items the customer paid for (Col. 23, ll. 3-5).

In contrast to Swartz, the claimed invention provides a method to positively identify stolen merchandise on an item by item basis and to assist in the apprehension of the perpetrators through the use of RFID tags and scanners. To achieve this end an RFID tag’s unique identifying information may be tracked by the store’s inventory control system such that customers entering and leaving the store may be scanned at the entrances and exits. If such a scan detects an RFID tag, the tag’s unique identifier and/or inventory status information may be automatically compared to the store’s inventory records without any active steps being taken by the customers. If the system determines that the scanned item is unsold and is outside the boundary of the sales floor the system may designate the item as stolen and alert the store personnel to the item’s presence. (Paragraph 0030, ll. 6-12).

All of the methods taught by Swartz require active and time-consuming human participation which is in sharp contrast to the passive system of the claimed invention. Further, Swartz provides no method of passively scanning products as they leave and enter the store without the customer’s knowledge or participation nor does Swartz provide a method of scanning and determining the presence of potentially stolen items that had previously left the store and have returned, as is claimed by the claimed

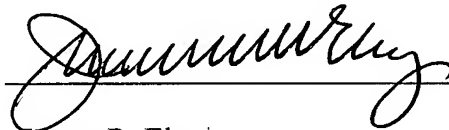
invention. Thus, Swartz does not teach nor motivate one skilled in the art to produce a system for passively scanning and tracking items entering and exiting a store using RFID technology nor does Swartz teach using such a system to determine whether an item entering the store was previously stolen. No amount of reordering or renaming of the steps provided by Swartz would provide a basis for one skilled in the art to arrive at the claimed invention. Applicant therefore submits that Claim 10 is not obvious in view of Swartz and is in proper form for allowance.

II. CONCLUSION

It is noted that the examiner has cited but not applied U.S. Pat. No. 6,901,304 and U.S. Pat. App. Pub. Nos. 2004/0238627, 2004/0195321, 2003/0227392, 2003/0028451, and 2003/0158796 against applicant's claimed invention. Apparently, the examiner has concluded that the unasserted art, whether considered in part or in combination, neither anticipates nor renders obvious applicant's claimed invention.

For the reasons discussed above, applicant submits that Claims 1-10 of the pending application are patentable over all the prior art of record. It is believed that the application is in proper form for allowance and favorable action by the examiner is requested. The examiner is requested to contact applicant's representative at the telephone number below if any other issues remain.

Respectfully Submitted,



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